TX-PACE FOR BUSINESS

WHAT IS THE TEXAS PACE PROGRAM?

Texas Property Assessed Clean Energy (TX-PACE) is a proven financial tool that incentivizes Texas’ property owners to upgrade facility infrastructure with little or no capital outlay. Approved by state legislation and established by your local governments, TX-PACE programs enable owners to lower their operating costs and use the savings to pay for eligible water conservation, energy efficiency, resiliency, and distributed generation projects. Owners gain access to affordable, long-term, private financing that is not available through traditional funding avenues.

Owners of eligible commercial, industrial, agricultural, nonprofit, and multifamily facilities can use TX-PACE to pay for property improvements including new heating and cooling systems, lighting, solar panels, water pumps, insulation, roofs, windows, and more. This program accelerates upgrade investments in existing facilities, preserving capital and credit lines and empowering owners to retain their available capital for revenue-generating items including employees, technology, products, and growth.

TX-PACE was identified by Scientific American as one of the top 20 “world changing” ideas, because it provides a new source of property-secured financing for property retrofits that does not affect conventional lending sources and does not compete for capital with other investment opportunities.

TX-PACE answers the question, “How are we going to pay for it?” and is transforming how developers, owners, and contractors look at projects, proving that there is a clear path forward for energy efficiency, distributed generation, and water use reduction measures.

HOW DOES TX-PACE WORK?

TX-PACE is a simple and effective program that allows owners to see an immediate increase to net operating income and find investing in efficiency a business-savvy proposition. Owners choose a private sector capital provider and voluntarily request that the local government place a senior lien on the property for the total cost of the project. The owner commits to the local government that he/she will pay the TX-PACE assessment installments. TX-PACE is not a personal or business loan. It is a voluntary land-secured assessment that is paid off over time. The energy and/or water savings are structured to exceed the cost of the assessment, resulting in projects that are cash flow positive. As the assessment is tied to the property, the repayment obligation transfers to the next owner if the property is sold.

Texas PACE Authority administers the uniform “PACE in a Box” model program on behalf of local governments. This successful model is market-based and flexible, providing the lowest possible administrative cost and highest level of consumer protection, allowing owners to do business with the parties of their choosing.

How It Works

A Building Owner:
- finds a contractor
- selects a project
- identifies a capital provider
- applies to PACE program

If the owner, building, and project all meet PACE requirements:
- the owner signs a contract with the PACE program, which places a senior lien on the property
- the capital provider supplies funding
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- contractors complete the project
- the owner sends installment payments directly to the lender
WHAT ARE THE BENEFITS OF TX-PACE?

Property Owner Benefits:
Cash flow positive projects • 100% financing •
Automatic transfer upon sale • Long-term financing
(up to 20 years or more) • Lower energy and water
costs • No personal guarantees • Competitive rates
and terms • Owner retains all tax incentives •
Increase property value • Preserve capital for core
business • Healthier and more comfortable facilities •
Reduce environmental impacts

Service Provider Benefits:
Increase local hiring • Accelerate project timelines •
New market penetration • Best practices • Technology
advancement improvements

Capital Provider Benefits:
Steady and stable process • Fully collateralized •
Tax assessment lien position • Improve asset value •
Mortgage-holder consent • Enhance customer finance
position

Local Government Benefits:
Workforce and economic development • No local
government obligation • Minimal staff support •
Improve building stock • Business retention and
expansion • Better air quality • Water and energy
conservation

WHAT PROPERTY TYPES AND IMPROVEMENTS ARE ELIGIBLE?

Eligible Property Types:
- Commercial
- Industrial/Manufacturing
- Multifamily housing (5+ units)

Eligible Improvements:
- Chillers, boilers, and furnaces
- HVAC, BMS, BAS, EMS controls • Lighting • Water heating systems
- Energy management systems and controls •
- Roofing • Windows • Doors • Insulation • Elevator
modernization • Pool equipment • Cogeneration
or combined heat and power • Heat recovery and
steam traps • Solar panels • Wind turbines • Water
management systems and controls • Irrigation
equipment • Rainwater collection systems • Toilets •
Faucets • Greywater systems... and more!

SPOTLIGHT ON SUCCESS

The City of Dallas’ TX-PACE program was utilized
to finance $23.9M in energy & water conservation
measures within the redevelopment of the Butler
Brothers historic building. TX-PACE enabled the
inclusion of these sustainable improvements with
significant savings in the cost of capital over the cost
of traditional mezzanine financing or equity partner
financing in the capital stack of this renovation.

PICK UP THE TX-PACE IN YOUR REGION!

TX-PACE programs are being launched all over the state and are currently available in more than a dozen
regions. TX-PACE can help you create jobs, promote economic development, and protect the environment.

Contact Texas PACE Authority to learn how to develop a TX-PACE program for your community.

Visit us online at
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Texas PACE Authority administers the uniform “PACE in a Box” model
as a public service on behalf of local governments and is funded through
user fees and grants.